

Note to file C-17306

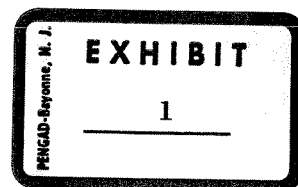
From: Compliance Programs Division

Compliance does not feel comfortable in signing off on this license. We have serious concerns about releasing the funds. The case involves a blocked payment in the amount of \$917,722.00 which was being transferred from Venezuela and destined for an account of Marc Rich and Co., Switzerland. This is not the first time that a Marc Rich company has run afoul of the Cuban Assets Control Regulations. In late 1991, for example, Compliance had occasion to block \$2.5 million relating to a \$3.9 million Cuban sugar deal brokered by Marc Rich & Co., Ltd. in the U.K. That fact, coupled with the dearth of information in the written record we have before us, gives us pause.

The payment in this transaction contained a reference to "Maraven Venezuela Gasoil/Cuba." It has not been adequately explained. FAC received its application from the remitter, Maraven, a 100% owned affiliate of the Venezuelan state oil company, Petroleos de Venezuela, with international political clout to which State would pay particular attention. According to Maraven, Marc Rich & Co. had purchased oil from it which was paid for in advance. Between the time of the contract and the delivery of the oil, the price of oil dropped. According to Maraven, this remittance represents a refund of the overpayment. Maraven has offered no documentation to substantiate its explanation, which some would consider to be unorthodox. Maraven also stated that it "believes" that Marc Rich intended to resell the oil to Cuba, but that this particular transfer did not relate to the sale of the oil to Cuba. If it did not relate to Cuba, why did it reference Cuba? Despite the fact that this substantial sum sent to Marc Rich & Co. was blocked, FAC never heard from the Swiss company nor have we received an adequate explanation of the reference to Cuba in the payment order.

Compliance feels that we should obtain additional information and a more detailed explanation of this transfer prior to licensing the release of the funds.

*Rich -
WE DON'T KNOW IF YOU
WANTED OR NEEDED TO BRING
THIS UP AT THE MEETING
MEETING, IF YOU HAVE
INFORMATION THAT WE DON'T,
OR IF YOU'VE ALREADY
DECIDED IT NEEDS TO GO,
SO WE'RE PASSING IT ALONG
TO YOU.*



000635



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

SEP 16 1994

COMPL94253

#387

FAC SPECIAL ENFORCEMENT REPORT

MEMORANDUM FOR RONALD K. NOBLE
UNDER SECRETARY
(ENFORCEMENT)

FROM: R. Richard Newcomb R. RICHARD NEWCOMB
Director
Office of Foreign Assets Control

SUBJECT: FAC blocks \$917,722.00 destined for Marc Rich and
Co., Switzerland, related to oil transactions
involving Cuba.

As a result of Interdict software installed at the Bank of New York, FAC Compliance has blocked a payment in the amount of \$917,722.00 which was being transferred from Venezuela and destined for the account of Marc Rich and Co., Switzerland. The payment appears to be related to a shipment of oil involving Cuba. The remittance referenced "Maraven Venezuela Gasoil/Cuba."

FAC has had a long history with Marc Rich. In 1983, he was indicted on charges of violating the U.S. sanctions against Iran, as well as numerous charges of tax evasion. When he and his company were indicted, he fled to Switzerland from the United States and has been a fugitive from justice ever since. He initially established his commodities trading company in Switzerland, and has since established branch offices in numerous European cities.

Marc Rich has repeatedly attempted to capitalize on economic sanctions. He is known to have negotiated deals with Iran and South Africa during the periods that sanctions against those countries were in effect. We know that he has had a long history of trading with Cuba and we have received allegations that he is currently dealing with Iraq and Serbia in violation of U.S. and multi-lateral sanctions against those countries. In 1992, FAC blocked approximately \$2 million involving Cuban sugar which he attempted to finance through a U.S. bank.

Although Mr. Rich is Belgian born, he is a U.S. citizen. Despite his attempts to rescind his citizenship, the U.S. Department of State has never accepted the revocation and still considers him to be a U.S. citizen. FAC Enforcement has an open case against him involving potential indictments for his violations of the Cuban Assets Control Regulations.

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EXHIBIT

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DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO.

129826
PH/
German

MINUTES

of the meeting of the Board of Directors of Richco Grain AG
[Inc.] of January 6, 1987, at the company's registered offices

Gentlemen present:

- Dr. Eric Dreifuss, President/Chairman
- Albert Mossdorf, Regierungsrat [canton government member]
- Markus Kasper
- Josef Guggenheim

Absent, excused:

- Eddie Egloff
-

The president determines that a quorum exists. Mr. Josef Guggenheim is appointed keeper of the minutes.

AGENDA

1. Report on current activity and outlook for 1987

In place of the managing director, Mr. Josef Guggenheim gives the report on activity in the past quarter. Business activity with Romania went very well in 1986. Also going very well was the rice sector, where we have already been able to record a few million dollars of profit in the books. One rice shipment to Brazil, which in and of itself substantially would have gone well, got into the red (as a result of the interest rates which went up to 200%). By the managing director's estimate, a loss of about \$2 million (U.S.) is incurred from this deal. However, we were able to offset this loss with a rice deal in Abidjan that had an equal amount of profit.

The team for the fertilizer department in the U.S.A. and for the liquidation department in London was beefed up, and good prospects exist in the area of urea...
[line or lines illegible on photocopy]
...represents a great opportunity for our company, of course, as an active trading firm.

The forestry department is to be further expanded and developed. The managing director will be in Chile in the very near future, since the kinds of wood found there are very much sought after in the markets we deal in.

EXHIBIT

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2. Quarterly report on the company's financial situation
(quarterly balance)

The Board of Directors takes note of the company's quarterly balance as of August 31, 1986 (annexed to these minutes). In addition, Mr. Guggenheim reports that in November 1986 we were able to release in favor of the profit account a reserve for the Caliope NV [Inc.] rice deal in the amount of \$3 million (U.S.).

At a special general meeting of Richco Grain which was held recently, the annual closing of accounts was now resituated to December 31 of each year, starting with 12-31-86; thus in the past reporting period, we are dealing with a truncated year of 7 months.

3. Miscellaneous

The Board of Directors takes note of a letter of the audit office of Deloitte Haskins+Sells AG [Inc.], according to which in future in cases of company losses carried forward at year's end which exceed the capital stock by half, and when appropriate guarantees are produced, the appropriate note will be included in the auditors' report.

At the same time, the Board of Directors takes note of a letter of Dr. Mosimann, Attorney, who is currently conducting a lawsuit for Richco Grain against the firm of Action S.A. [Inc.], Paris, concerning a shipment of Indian rice; this letter, which is annexed to these minutes, does not contain a quantification of the possible risk. The relevant letter of Dr. Mosimann will be provided later.

There are no further requests for the floor.

For the minutes:

The Chairman:
[signature]
Dr. Eric Dreifuss

The Keeper of the Minutes:
[signature]
Josef Guggenheim

COPY FOR YOUR INFORMATION

27-SEP-1989

LISTING OF E.E.P. AWARDS MADE TO RICHCO GRAIN

1

DATE OF AWARD (Y,M,D)	NAME OF COUNTRY	TYPE OF COMMODITY	MEAN METRIC TONS AWARDED	BONUSES AWARDED BASED ON THE MEAN QUANTITY AWARDED
860725	SAUDI ARABIA	BARLEY	40,000	\$1,196,062.77
860730	SAUDI ARABIA	BARLEY	45,000	\$1,312,500.55
860731	SAUDI ARABIA	BARLEY	45,000	\$1,271,161.95
860801	SAUDI ARABIA	BARLEY	45,000	\$1,312,500.55
860819	SAUDI ARABIA	BARLEY	45,000	\$1,120,276.06
860819	SAUDI ARABIA	BARLEY	45,000	\$1,120,276.06
860819	SAUDI ARABIA	BARLEY	45,000	\$1,120,276.06
860923	SAUDI ARABIA	BARLEY	45,000	\$1,479,921.88
860924	SAUDI ARABIA	BARLEY	45,000	\$1,479,921.88
860924	SAUDI ARABIA	BARLEY	45,000	\$1,479,921.88
861006	SAUDI ARABIA	BARLEY	45,000	\$1,572,933.73
861006	SAUDI ARABIA	BARLEY	45,000	\$1,572,933.73
861006	SAUDI ARABIA	BARLEY	42,500	\$1,485,548.10
861103	ROMANIA	BARLEY	35,000	\$1,654,138.08
861104	ROMANIA	BARLEY	16,000	\$756,178.14
861105	ROMANIA	BARLEY	16,000	\$756,178.14
861107	ROMANIA	BARLEY	16,500	\$749,493.87
861110	ROMANIA	BARLEY	16,500	\$749,493.87
861118	ROMANIA	BARLEY	25,000	\$1,147,145.71
870204	SAUDI ARABIA	BARLEY	25,000	\$1,079,395.42
870204	SAUDI ARABIA	BARLEY	25,000	\$1,079,395.42
870204	SAUDI ARABIA	BARLEY	25,000	\$1,079,395.42
870204	SAUDI ARABIA	BARLEY	25,000	\$1,079,395.42
870205	SAUDI ARABIA	BARLEY	50,000	\$2,133,527.47
870205	SAUDI ARABIA	BARLEY	25,000	\$1,066,764.20
870205	SAUDI ARABIA	BARLEY	25,000	\$1,066,764.20
870205	SAUDI ARABIA	BARLEY	25,000	\$1,066,764.20
870205	SAUDI ARABIA	BARLEY	50,000	\$2,133,527.47
870205	SAUDI ARABIA	BARLEY	25,000	\$1,066,764.20
870206	SAUDI ARABIA	BARLEY	17,500	\$741,108.21
870206	SAUDI ARABIA	BARLEY	17,500	\$741,108.21
870206	SAUDI ARABIA	BARLEY	17,500	\$741,108.21
870209	SAUDI ARABIA	BARLEY	13,500	\$571,711.92
870210	CHINA	WHEAT	30,000	\$891,810.86
870218	CHINA	WHEAT	30,000	\$895,117.94
870311	CHINA	WHEAT	30,000	\$964,346.28
870521	SOVIET UNION	WHEAT	100,000	\$3,820,786.69
870527	SOVIET UNION	WHEAT	50,000	\$1,983,884.15
870527	SOVIET UNION	WHEAT	50,000	\$1,983,884.15
870604	SAUDI ARABIA	BARLEY	50,000	\$2,022,143.09
870604	SAUDI ARABIA	BARLEY	50,000	\$2,022,143.09
870604	SAUDI ARABIA	BARLEY	50,000	\$2,022,143.09
870604	SAUDI ARABIA	BARLEY	25,000	\$1,011,071.99
870604	SAUDI ARABIA	BARLEY	25,000	\$1,011,071.99
870604	SAUDI ARABIA	BARLEY	25,000	\$1,011,071.99
870604	SAUDI ARABIA	BARLEY	25,000	\$1,011,071.99
870604	SAUDI ARABIA	BARLEY	50,000	\$2,022,143.09

SOURCE: JIM WARDEN, RP&R BRANCH, EXPORT CREDITS, FAS, USDA



MJA:jcj

U.S. Department of Justice

United States Attorney
Southern District of New York

One Saint Andrew's Plaza
New York, New York 10007

March 6, 1984

Honorable Shirley Wohl Kram
United States District Judge
United States Courthouse
Foley Square
New York, New York 10007

Re: United States v. Marc Rich, et al.
83 Cr. 579 (SWK)

Dear Judge Kram:

Enclosed herewith please find a superseding indictment returned late yesterday in the above referenced matter. None of the modifications requires additional discovery or calls for additional motions. On the contrary, we believe that the changes will facilitate and expedite the disposition of the defendants' motions and the trial of this matter. To assist your review of this superseding indictment, we have provided a detailed summary of the changes that have been made:

1. The structure of the Indictment. The Indictment has been reorganized so that the mail and wire fraud schemes to defraud the IRS and the Department of Energy ("DOE") are now alleged first, followed by the statutory RICO charges to which they give rise.

Count One of the original Indictment, charging RICO conspiracy, had set forth the various schemes to defraud which served as the predicate acts underlying the RICO conspiracy and substantive counts. In the original Indictment, those allegations were realleged in Count Two, the substantive RICO count and then again in the substantive fraud scheme counts: Five through Twenty-four (IRS fraud); Twenty-five through Twenty-eight (DOE fraud); and Twenty-nine through Forty-three (Iranian fraud).

The superseding Indictment simplifies the structure of the charges and reduces the amount of repetition by simply charging the various mail and wire fraud predicates first and then following them with the RICO substantive and RICO conspiracy

EXHIBIT

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Honorable Shirley Wohl Kram

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counts. Thus, the superseding Indictment charges, in Counts One through Twenty-three, the scheme to defraud the IRS. (The allegations in paragraphs 1-23 are substantially the same as those in paragraphs 12-25 and 40-42 of the original indictment with the addition of three specific counts discussed below.) Next, the superseding Indictment charges the scheme to defraud the DOE, in counts Twenty-four through Thirty-eight. (Paragraphs 24-27 are substantially the same as paragraphs 26, 27, and 43-45 of the original Indictment, with the addition of eleven specific mail fraud counts discussed below.)

Because, as discussed below, the Iranian fraud scheme predicates have been removed from the RICO counts, the superseding Indictment proceeds next to the RICO substantive count, Count Thirty-nine. (The allegations in this count are substantially the same as those as charged in paragraphs 7, 11 and 30 through 32 of the original Indictment.) Next, the superseding indictment charges a RICO conspiracy, in Count Forty. (This is substantially the same as paragraphs 9 and 10 of the original indictment.) Count Forty is followed by the forfeitures section, paragraphs 37-41 which are identical to paragraphs 33 through 37 of the original indictment. Next, the superseding Indictment charges two counts of tax evasion, Counts Forty-one and Forty-two, which are identical to Counts Three and Four of the original indictment.

2. The scheme to defraud the Treasury re: Iran. AG and International have now been eliminated as defendants in the counts charging the scheme to defraud the Treasury Department with respect to Iranian transactions. The primary focus of those counts has always been the activities of the American individuals, Marc Rich and Pincus Green. Indeed, Counts Forty-three through Fifty-one of the original indictment charge only those two defendants with respect to the actual transactions done with Iran. Given the fugitivity of the defendants Rich and Green, the Government has confined the Iranian fraud scheme counts, now Forty-three through Fifty-seven, to the individuals, eliminating the corporations as defendants in those counts. The elimination of AG and International as defendants in these counts should also eliminate all challenges to the original Indictment based on their previous inclusion in those counts.

3. The RICO counts. Because the scheme to defraud the Treasury Department with respect to Iranian transactions no longer charges the defendants that have appeared for trial, that fraud scheme has been removed as a predicate for the RICO counts

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of the superseding indictment. The removal of that fraud as a RICO predicate will have the collateral consequence of eliminating the concern expressed by the defendant Meltzer with respect to prosecution for RICO violations predicated in part on a scheme with which he was not charged.

4. The additional wire fraud counts. The superseding Indictment adds three new wire fraud counts concerning telefaxes transmitted on or about February 1, 9 and 10, 1981, allegedly in furtherance of the scheme to defraud the IRS. These three counts, Seven, Eight and Nine, (S. Ind. at 20) simply refer to telefaxes of various notes concerning the West Texas Marketing pot, and relate to facts fully described in the original Indictment. These added counts do not alter the theory of the fraud, its scope, or the proof anticipated at trial. Discovery has already been made with respect to these counts.

5. The additional mail fraud counts. The superseding Indictment adds eleven new counts of mail fraud to the scheme to defraud the DOE. These new counts, Twenty-seven through Thirty-eight, refer to allegedly inflated invoices mailed by West Texas Marketing and Listo to International in furtherance of the alleged DOE fraud. These counts relate directly to the allegations in Paragraphs 22(d) and 22(1) of the superseding Indictment which are the same as those in Paragraphs 25(d) and 25(1) of the original indictment. Thus, these new counts do not alter the theory or proof of this case and have already been the subject of discovery provided to the defendants.

6. The DOE regulations. The background discussion of the DOE regulations which now appears in paragraphs 12 through 21 has been expanded to clarify the relationship between maximum lawful selling price controls imposed on oil the first time it was sold in the United States market and the subsequent limitation on prices achieved through the permissible average markup. (See particularly S. Ind. ¶ 19).

7. The daisy chain allegations. The allegations concerning International's role as the original reseller into daisy chains, now alleged in Paragraph 18, have been revised to eliminate all references to illegality and to clarify the fact that the defendants are not being charged with crimes relating to mis-certification of crude oil. As the defendants have noted, allegations such as those which have been retained, do not themselves allege any illegality.

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8. The purported sale of International. The description of International which appears in paragraph 5 of both the original and superseding Indictments has been expanded to describe the purported sale of International and the resulting change in the name by which it is now known.

9. The absence of Rich and Green. The fact that Marc Rich and Pincus Green have left the jurisdiction and have not returned is alleged in the last sentences of paragraphs 1 and 2 of the new indictment, respectively.


10. Typographical errors, such as the omission of the defendant Meltzer's name from the list of defendants in the first four predicate acts under the heading II. The Scheme to Defraud the DOE, in the RICO count (S. Ind. at p. 31-32), have been corrected.

We would appreciate your arraigning the defendants on the superseding Indictment at the Court's earliest convenience.

Respectfully submitted,

RUDOLPH W. GIULIANI
United States Attorney

By:


MARTIN J. AUERBACH
Assistant United States Attorney
Telephone: (212) 781-0043

cc: Peter Zimroth, Esq.
Peter Fleming, Esq.
Andrew Lawler, Esq.

MJA:mj
MC-0013/1B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v -

MARC RICH, PINCUS GREEN,
CLYDE MELTZER, MARC RICH + CO.,
A.G., and MARC RICH + CO.
INTERNATIONAL, LTD., now known as
"Clarendon Ltd."

Defendants.

INDICTMENT

S 83 Cr. 579 (SWK)

COUNTS ONE THROUGH TWENTY-THREE

THE SCHEME TO DEFRAUD THE IRS

The Grand Jury charges:

Introduction

At all times relevant to this Indictment, except as
otherwise indicated:

1. The defendant MARC RICH is a United States citizen
and a principal shareholder and Chairman of the Board of
Directors of the defendant MARC RICH + CO., A.G. ("AG"), and
Chairman of the defendant MARC RICH + CO. INTERNATIONAL, LTD.
now known as "Clarendon Ltd.," ("INTERNATIONAL"). In or about
the summer of 1983, the defendant MARC RICH left the United
States and has not returned.

2. The defendant PINCUS GREEN is a United States
citizen and a principal shareholder and member of the Board of
Directors of the defendant AG, and President of the defendant
INTERNATIONAL. In or about the summer of 1983, the defendant
PINCUS GREEN, left the United States and has not returned.

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3. The defendant CLYDE MELTZER is a United States citizen and vice-president in charge of crude oil trading for Listo Petroleum, Houston, Texas. In or about late summer 1982, the defendant CLYDE MELTZER was hired as a crude oil trader by the defendant INTERNATIONAL.

4. The defendant AG is a Swiss corporation which is engaged in the worldwide business of trading commodities, including crude oil, and transacts and does business in the United States. The defendant AG does not file United States corporate income tax returns.

5. The defendant INTERNATIONAL is a wholly-owned Swiss subsidiary of the defendant AG, which is in the business of trading commodities, including crude oil, in the United States. The defendant INTERNATIONAL has its principal offices in New York City and in Zug, Switzerland. The defendant INTERNATIONAL files United States corporate income tax returns. During 1980 and 1981, revenues generated by the defendant INTERNATIONAL from crude oil trading constituted the principal part of the defendant INTERNATIONAL's reportable income in the United States for corporate income tax purposes. As a reseller and trader of crude oil in the United States, defendant INTERNATIONAL was also subject to the oil price control rules and regulations administered by the Department of Energy as set forth in Paragraphs 12 through 21 below. In or about July 1983, the defendant AG purported to sell the defendant INTERNATIONAL to all shareholders of the defendant AG except the defendants MARC

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RICH and PINCUS GREEN, who remain the principal shareholders of the defendant AG. As a result of the purported sale, the name of the defendant INTERNATIONAL was changed to Clarendon Ltd.

6. Rescor, Inc. ("Rescor") and Highams Consultants ("Highams") are wholly-owned Panamanian subsidiaries of the defendant AG engaged in the business of trading crude oil. Rescor and Highams do not maintain separate sets of books and records from the defendant AG.

The Scheme to Defraud

7. From in or about January 1980, up to and including the date of the filing of this Indictment, in the Southern District of New York and elsewhere, MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG, and INTERNATIONAL, the defendants, together with others known and unknown to the Grand Jury ("co-schemers"), unlawfully, wilfully and knowingly would and did devise and intend to devise a scheme and artifice to defraud the United States and an agency thereof, to wit, the Internal Revenue Service, in its lawful governmental function of administering and overseeing the collection of taxes in the United States, and to obtain money and property by false and fraudulent pretenses, representations and promises. The defendants engaged in this scheme as part of a pattern of racketeering activity in which they concealed in excess of \$100 million in taxable income of the defendant INTERNATIONAL, most of which income was illegally generated

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through the defendants' violations of federal energy laws and regulations. This scheme, and pattern of racketeering activity, enabled the defendant INTERNATIONAL to evade in excess of \$48 million in United States taxes for the 1980 and 1981 tax years.

8. It was part of said scheme and artifice to defraud the IRS that the defendants MARC RICH and PINCUS GREEN would and did cause third party companies, to wit, West Texas Marketing ("WTM"), Abilene, Texas, and Listo Petroleum ("Listo"), Houston, Texas, with the aid of the defendant CLYDE MELTZER, to conduct business for and on behalf of the defendant INTERNATIONAL and to conceal approximately \$71 million in domestic profits belonging to the defendant INTERNATIONAL by making it appear that such profits had in fact been earned by WTM and Listo rather than by the defendant INTERNATIONAL.

9. It was further part of said scheme and artifice to defraud the IRS that the \$71 million in domestic profits of the defendant INTERNATIONAL being concealed and held by WTM and Listo would be and were moved by wire transfers to foreign bank accounts of the defendant AG and its wholly-owned subsidiaries Rescor and Highams through a series of sham transactions involving foreign crude oil, in which WTM and Listo purportedly "lost" to the defendant AG amounts equivalent to the concealed profits actually belonging to the defendant INTERNATIONAL.

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10. It was further part of said scheme and artifice to defraud the IRS that the defendants and their co-schemers would and did create in excess of \$31 million in fraudulent deductions for the defendant INTERNATIONAL by fabricating transactions between the defendants AG and INTERNATIONAL relating to offshore oil deals between the defendant AG and Charter Oil Company Bahamas. As a result of these sham transactions, over \$31 million in taxable income was diverted from the defendant INTERNATIONAL offshore to the defendant AG.

11. It was a further part of said scheme and artifice to defraud the IRS that the defendants and their co-schemers would and did create \$2,716,510.00 in fraudulent deductions for the defendant INTERNATIONAL by fabricating a transaction between the defendant INTERNATIONAL and Rescor involving the purchase of foreign crude oil by Rescor. As a result of this sham transaction, \$2,716,510.00 in taxable income was diverted from the defendant INTERNATIONAL offshore to the defendant AG through Rescor.

Background: Oil Price Control Regulations

12. The Emergency Petroleum Allocation Act (EPAA) of 1973, Title 15, United States Code, Section 751, et seq., and the regulations promulgated thereunder (the "regulations"), provided for price controls and mandatory allocation of all crude oil produced in or imported into the United States.

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13. Under various of the regulations, the United States, through the Department of Energy ("DOE"), limited the prices that could be charged for domestic crude oil. Under the regulations, the permissible price was different for different regulatory categories of crude oil.

14. The regulatory categories of crude oil were "old" (also called "lower tier"), "new" (also called "upper tier") and "stripper." Crude oil was categorized or labelled "old," "new", or "stripper" depending on the history or the level of production of the well from which the oil came. Crude oil coming from a well at or below a designated 1972 level of production was labelled "old"; "new" oil referred to crude oil discovered since 1973 or oil obtained from existing wells in excess of the 1972 level of production; "stripper" oil referred to crude oil produced from a well whose average daily production was less than ten barrels. These categories (or labels) corresponded to price control categories and were not based on any physical or chemical characteristics of the oil. Since the oil was physically identical, oftentimes a quantity of domestic crude oil contained components of old oil, new oil and stripper. A barrel of domestic crude oil with a new oil or old oil component was referred to as a "controlled barrel." Stripper oil was referred to as "uncontrolled."

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15. Old oil (lower tier) had the lowest maximum lawful selling price. New oil (upper tier) had a higher maximum lawful selling price than old oil. Stripper oil was exempt from price controls and could be sold at the world market price which was far in excess of the prices for old and new oil. Depending on the type of crude oil, a stripper barrel would at relevant times sell for in excess of \$20 more than a lower tier barrel and \$15 more than an upper tier barrel of like quality.

16. Under the regulations, an entity which purchased and resold crude oil without substantially changing its form by refining, processing or other means was defined as a crude oil reseller. The defendant INTERNATIONAL was a crude oil "reseller" under the regulations.

17. Every seller or reseller of a volume of domestic crude oil was required by the regulations to certify in writing to the purchaser the respective amounts and prices of old oil, new oil, and stripper oil contained in the crude oil being sold. The DOE periodically audited and reviewed the records of sellers and purchasers of crude oil, which records were required to be kept by law, to determine compliance with the regulations.

18. During the period of price controls, in order to evade the regulations and produce huge profits, controlled oil was on occasion sold through a series of oil resellers known in the crude oil industry as a "daisy chain." The defendant INTERNATIONAL frequently participated as the original reseller of controlled oil into a "daisy chain." The "daisy chain" was

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utilized by the original reseller to make it extremely difficult to trace the movement of controlled barrels and to facilitate alteration of the certifications on controlled barrels into stripper barrels (uncontrolled) which could then be sold at the much higher world market price. The original reseller of controlled oil into the "daisy chain" would receive, at the conclusion of the "daisy chain," an equivalent quantity of crude oil certified as stripper barrels at drastically discounted prices from the world market value. The original reseller would then sell these stripper barrels at the world market price and realize enormous profits. Each of the oil companies in the "daisy chain" made a smaller profit.

19. Under the regulations, the maximum lawful selling price set by the DOE for a barrel of old oil or new oil only controlled the price of that barrel the first time it was sold in the United States market. To control the price of that barrel when it was resold, the DOE simply limited the amount of markup a reseller could add to the original price. The same markup restrictions were used to limit the price of stripper oil when it was resold. Thus, while the price of a barrel of stripper oil was uncontrolled the first time it was sold in the United States market, if that barrel was resold, the DOE limited the markup the reseller could add to the original, uncontrolled price. The DOE restricted the amount of markup a reseller could add to the price of oil by establishing a "permissible average markup" ("PAM") for resellers. Effective

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September 1, 1980, the DOE established a permissible average markup of 20¢ per barrel for a reseller such as the defendant INTERNATIONAL. In the event that a reseller's actual average markup, computed on a monthly basis, exceeded its PAM, the excess profits were illegal.

20. Resellers were required on a monthly basis to submit forms ERA-69 to the DOE setting forth their actual average markup per barrel for crude oil sales. On the ERA-69, resellers were required to set forth the dollar amount of any PAM overcharges in order that the overcharges could be immediately refunded to customers.

21. The defendant INTERNATIONAL was a reseller subject to the 20¢ per barrel PAM and was required to file forms ERA-69 on a monthly basis.

Methods and Means

22. Among the methods and means employed by the defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL and their co-schemers to effectuate the scheme to defraud the IRS, were the following:

The West Texas Marketing "Pot"

(a) Prior to September 1980 and the imposition of the 20¢ per barrel PAM, the defendants MARC RICH and PINCUS GREEN for the defendant INTERNATIONAL would and did transact numerous "daisy chain" crude oil deals with West Texas Marketing ("WTM"), a crude oil reseller in Abilene, Texas.

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In those "daisy chain" deals, WTM would and did purchase from the defendant INTERNATIONAL domestic controlled oil upon WTM's agreement to sell back to the defendant INTERNATIONAL, after passage through a "daisy chain," an equal quantity of stripper oil (uncontrolled) at a substantial discount from the world market price. The defendant INTERNATIONAL then sold that discounted stripper oil to third parties for huge profits. Prior to September 1980, the substantial profits from these transactions were recorded on the books and records of the defendant INTERNATIONAL.

(b) The defendants MARC RICH and PINCUS GREEN agreed with the principals of WTM that beginning in September 1980, when the defendant INTERNATIONAL was limited by law to a 20¢ per barrel PAM, WTM would alter its "daisy chain" transactions with the defendant INTERNATIONAL so that the huge profits of the defendant INTERNATIONAL from these crude oil transactions would be retained for it by WTM, rather than being reflected on the books and records of the defendant INTERNATIONAL as before. In these post-September 1, 1980 transactions, WTM would and did continue to buy controlled barrels from the defendant INTERNATIONAL at the controlled price and would and did agree to produce for the defendant INTERNATIONAL an equal number of stripper barrels at a price substantially below the market value. However, rather than sell these cheap stripper barrels back to the defendant INTERNATIONAL at the lower price as previously, WTM agreed

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ostensibly to sell the stripper barrels to the defendant INTERNATIONAL, or to third party companies designated by the defendant INTERNATIONAL, at the higher market price. From these deals, WTM purportedly reflected huge profits on its books, which profits were referred to as the "pot."

(c) The defendants MARC RICH and PINCUS GREEN and the principals of WTM further agreed that the huge profits in the "pot" belonged to the defendant INTERNATIONAL and would be retained by WTM in its bank accounts for the defendant INTERNATIONAL.

(d) To further conceal the scheme, the defendants and their co-schemers would and did cause WTM to prepare and mail invoices to the defendant INTERNATIONAL which falsely indicated that WTM had sold the stripper barrels to the defendant INTERNATIONAL at the high world market price, when in truth and in fact the defendant INTERNATIONAL was paying a far lower price upon WTM's agreement secretly to kickback to the defendants the huge profits held by WTM for the defendant INTERNATIONAL in the "pot".

(e) The monies in the "pot" were periodically moved out of the United States at the instance of the defendants MARC RICH and PINCUS GREEN, for the defendant INTERNATIONAL, to foreign bank accounts of the defendant AG and its foreign subsidiaries Rescor and Highams through sham transactions, wherein WTM would

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incur pre-arranged "losses" to the defendant AG and its foreign subsidiaries. For example, in many of these transactions the defendant AG would purportedly sell a cargo of foreign crude oil to WTM, and then WTM would ostensibly sell the same oil back on the same day to Rescor, the defendant AG's subsidiary, for \$3 per barrel less than WTM had paid for it. The \$3 per barrel more which WTM paid AG, over the amount WTM received from Rescor, came out of the "pot." These transactions were a sham in that they were utilized by the defendants solely to remove monies from the "pot" and move the profits offshore. The defendants paid WTM a small fee per barrel to engage in these sham loss transactions.

(f) On or about April 30, 1981, the defendant MARC RICH and others met in New York, New York with representatives of WTM to discuss the amount remaining in the WTM "pot". The defendant MARC RICH and the principals of WTM agreed on a compromise "pot" amount of \$1,215,000.00 and as a result of the meeting, the \$1,215,000.00 from the "pot" was moved out of the United States to the defendant AG through a sham foreign loss transaction involving AG's subsidiary Highams.

(g) From in or about October 1980, through May 1981, the defendants moved and caused to be moved in excess of \$23 million of the defendant INTERNATIONAL's income offshore to the defendant AG and its foreign subsidiaries from the WTM "pot".

(h) For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendants and their co-schemers would and did transmit, and cause to be transmitted,

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telefaxes, and wire transfers of monies from the "pot" sent by WTM from the United States to foreign bank accounts of the defendant AG and its subsidiary Highams resulting from transactions involving oil tankers, as set forth below in Counts 1 through 9 hereinbelow.

The Listo "Pot"

(i) In and around September 1980, the defendants and their co-schemers would and did agree with Listo Petroleum Corporation ("Listo"), a crude oil reseller in Houston, Texas, to a scheme which was essentially a duplicate of the WTM scheme set forth above, in order to conceal additional profits of the defendant INTERNATIONAL from sales of domestic crude oil by retaining the defendant INTERNATIONAL's profits on the books and records of Listo. Just as with the WTM scheme, the defendants and their co-schemers referred to these monies as the "pot." As with the WTM scheme, these huge profits were moved from the books of Listo offshore to foreign bank accounts of defendant AG and its foreign subsidiaries through a series of sham foreign loss transactions wherein Listo would incur pre-arranged "losses" to the defendant AG and its foreign subsidiary Rescor on the purchase and sale of foreign crude oil. Also as with the WTM scheme, these transactions included deals in which Listo would buy crude oil from the defendant AG and then immediately resell the same oil back to Rescor, paying AG \$3 more per barrel than Listo received from Rescor. As with the WTM scheme, this sham loss of \$3 per barrel was paid out of the "pot".

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(j) In or about August 1980, the defendants MARC RICH and PINCUS GREEN on behalf of the defendant INTERNATIONAL, negotiated with representatives of Atlantic Richfield Company ("Arco") to purchase controlled barrels of a particular type of domestic crude oil known as Alaskan North Slope ("ANS") oil. After a series of negotiations, the defendants MARC RICH and PINCUS GREEN for the defendant INTERNATIONAL agreed to purchase from Arco approximately 18 million ANS controlled barrels to be delivered in 1980 and 1981. The defendants MARC RICH and PINCUS GREEN subsequently informed Arco that Listo, rather than the defendant INTERNATIONAL, would be the contracting party with Arco on the deal. The ANS barrels from the Arco deal comprised the majority of barrels from which "pot" monies were collected for the defendant INTERNATIONAL on the books of Listo.

(k) As with the WTM scheme, the defendant CLYDE MELTZER for Listo agreed to acquire for the defendant INTERNATIONAL stripper ANS barrels at prices far below the world market price. As with the WTM scheme, Listo agreed to sell the stripper ANS barrels to the defendant INTERNATIONAL ostensibly at the higher market price, thereby purportedly reflecting huge profits on Listo's books.

(l) To further conceal the scheme, the defendants and their co-schemers would and did cause Listo to prepare and mail invoices to the defendant INTERNATIONAL which falsely indicated that Listo had sold the stripper barrels at the high world market

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price, when in truth and in fact the defendant INTERNATIONAL was paying a far lower price upon Listo's agreement to secretly kick-back to the defendants the huge profits kept by Listo for the defendant INTERNATIONAL in the "pot."

(m) In 1980 and 1981, the defendants moved and caused to be moved in excess of \$47 million of the defendant INTERNATIONAL's income offshore to the defendant AG from the Listo "pot".

(n) The defendants MARC RICH and PINCUS GREEN regularly met in New York with the defendant CLYDE MELTZER to discuss the Listo "pot". At these meetings, the defendant CLYDE MELTZER would give the defendants MARC RICH and PINCUS GREEN records accounting for monies currently in the "pot".

(o) For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendants and their co-schemers would and did transmit, and cause to be transmitted, wire transfers of monies from the "pot" sent by Listo from the United States to foreign bank accounts of the defendant AG resulting from transactions involving oil tankers, as set forth in Counts 10 through 20 hereinbelow.

The Charter False Deductions

(p) In and around May 1980, the defendants and their co-schemers entered into a transaction with Charter Crude Oil Company ("Charter") wherein Charter agreed to sell the defendant INTERNATIONAL domestic controlled barrels and the defendant AG agreed to sell Charter's Bahamian subsidiary foreign crude oil at substantial discounts from the world market price. The transaction

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called for the delivery of controlled barrels to the defendant INTERNATIONAL and the delivery of foreign barrels from the defendant AG to Charter's Bahamian subsidiary on a monthly basis from June 1980, through at least December 1980. The vast majority of the controlled barrels delivered by Charter to the defendant INTERNATIONAL were sold by the defendants to WTM in "daisy chain" transactions, and the defendant INTERNATIONAL realized substantial profits.

(q) Subsequently, in or about late summer 1980, the defendants prepared fraudulent invoices in order illegally to transfer much of the defendant INTERNATIONAL's profits from these transactions offshore to the defendant AG. The defendant AG invoiced the defendant INTERNATIONAL for \$31,106,273.08, charging the defendant INTERNATIONAL for the difference between the discounted price (the price that the defendant AG had sold the foreign crude oil to Charter's Bahamian subsidiary) and the purported world market price for the crude oil. These false and fraudulent invoices and the subsequent entries on the defendant INTERNATIONAL's books falsely purported that the defendant INTERNATIONAL had purchased the foreign crude oil from the defendant AG at its "fair market value" and subsequently sold the foreign crude oil to Charter's Bahamian subsidiary at a substantial discount, when in truth and in fact the defendant INTERNATIONAL had never purchased the foreign crude oil from the defendant AG or sold it to Charter's subsidiary. The defendant

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MARC RICH instructed the comptroller for the defendant INTERNATIONAL to notify his counterpart at the defendant AG in Zug, Switzerland, to prepare these fraudulent invoices. As a result, the defendant INTERNATIONAL fraudulently reduced the amount of the defendant INTERNATIONAL's taxable income for 1980 by \$31,106,273.08 and transferred most of that sum offshore to the defendant AG.

(r) In and around September 1980, in order to make the invoices further appear as if there had been an actual contract between the defendant AG and the defendant INTERNATIONAL, the defendant AG sent the defendant INTERNATIONAL new invoices which read "contract price" rather than "fair market value." The old invoices were destroyed and the new invoices were placed in the defendant INTERNATIONAL's records.

(s) For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendants and their co-schemers would and did transmit, and cause to be transmitted, wire transfers of monies sent by the defendant INTERNATIONAL from the United States to foreign bank accounts of the defendant AG resulting from transactions involving oil tankers, as set forth below in Counts 21 and 22 hereinbelow.

The Arco False Deduction

(t) In or about the Fall of 1980, the defendants and their co-schemers would and did cause a fraudulent invoice to be prepared wherein Rescor invoiced the defendant INTERNATIONAL for \$2,716,510.00. This invoice concerned a non-existent contract

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between Rescor and the defendant INTERNATIONAL concerning the sale of foreign crude oil to Rescor by the defendant INTERNATIONAL. The fraudulent invoice made it appear that the defendant INTERNATIONAL had a contract with Rescor to sell it foreign crude oil. The fraudulent invoice made it further appear that the defendant INTERNATIONAL had failed to provide the oil under this purported contract and that consequently Rescor had had to purchase a similar quantity of oil from Arco at five dollars per barrel above the purported contract price between Rescor and the defendant INTERNATIONAL. As a result, the defendants fraudulently reduced the amount of the defendant INTERNATIONAL's taxable income for 1980 by \$2,716,510.00 and transferred that sum offshore to the defendant AG.

(u) Just as with the fraudulent Charter invoices, the defendant MARC RICH instructed the comptroller of the defendant INTERNATIONAL to notify his counterpart at the defendant AG in Zug, Switzerland to prepare this fraudulent invoice for Rescor to be delivered to the defendant INTERNATIONAL.

(v) For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendants and their co-schemers would and did transmit, and cause to be transmitted, a wire transfer from the defendant INTERNATIONAL to Rescor for a shipment on the oil tanker "Wind Escort," as set forth in Count 23 hereinbelow.

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Jurisdictional Allegations

23. For the purposes of executing the scheme and artifice to defraud the DOE and attempting to do so, on or about the dates set forth below, the defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG, and INTERNATIONAL unlawfully, wilfully and knowingly, did transmit and cause to be transmitted by means of wire, radio and television communication, in interstate and foreign commerce, certain telexes, telefaxes and cable and wire transfers of monies, all as more particularly set forth in Counts 1 through 23 herein below:

<u>COUNT</u>	<u>WIRE COMMUNICATION</u>	<u>APPROXIMATE DATE OF WIRE COMMUNICATION</u>	<u>DEFENDANT</u>
		<u>WIM "pot"</u>	
1	wire transfer to AG of \$12,507,818.40 (including \$1,786,831.00 from the pot) by WIM: "Arctic Star"	October 21, 1980	Rich, Green, AG and International
2	wire transfer to AG of \$4,050,000.00 by WIM from the "pot": "Norse King"	October 23, 1980	Rich, Green, AG and International
3	wire transfer to AG of \$5,384,217.00 by WIM from the "pot": "Olympic Bond"	January 5, 1981	Rich, Green, AG and International
4	wire transfer to AG of \$5,000,000.00 by WIM from the "pot": "Nia Rocco Piaggio" and "Okinoshima Maru"	January 30, 1981	Rich, Green, AG and International
5	wire transfer to AG of \$1,199,974.00 by WIM from the "pot": "Okinoshima Maru"	February 9, 1981	Rich, Green, AG and International

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<u>COUNT</u>	<u>WIRE COMMUNICATION</u>	<u>APPROXIMATE DATE OF WIRE COMMUNICATION</u>	<u>DEFENDANT</u>
6	wire transfer to AG of \$5,141,709.00 by WIM from the "pot": "Reno Maersk"	February 23, 1981	Rich, Green, AG and International
7	telefaxes of handwritten notes re WIM pot from International to WIM	February 1, 1981	Rich, Green AG and International
8	telefax of typewritten summary re WIM pot from WIM to International	February 9, 1981	Rich, Green, AG and International
9	telefax of typewritten summary re WIM pot from International to WIM	February 10, 1981	Rich, Green, AG and International
	<u>Listo "Pot"</u>		
10	wire transfer to AG of \$32,950,790.78 (including \$4,131,620.24 from the pot) by Listo: "Montessa"	December 5, 1980	Rich, Green, Meltzer, AG, and International
11	wire transfer to AG of \$4,259,844.00 by Listo from the "pot": " Universe Explorer"	December 15, 1980	Rich, Green, Meltzer, AG, and International
12	wire transfer to AG of \$18,605,470.63 (including \$2,241,743.45 from the "pot") by Listo: "Alnair II"	December 23, 1980	Rich, Green, Meltzer, AG, and International
13	wire transfer to AG of \$19,946,906.84 (including \$2,266,694.30 from the "pot") by Listo: "Lamyra"	December 31, 1980	Rich, Green, Meltzer, AG, and International
14	wire transfer to AG of \$5,291,409.80 by Listo from the "pot": "Arctic Star"	January 27, 1981	Rich, Green, Meltzer, AG, and International

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<u>COUNT</u>	<u>WIRE COMMUNICATION</u>	<u>APPROXIMATE DATE OF WIRE COMMUNICATION</u>	<u>DEFENDANT</u>
15	wire transfer to AG of \$3,349,660.34 by Listo from the "pot": "Ionian Commander"	January 30, 1981	Rich, Green, Meltzer, AG, and International
16	wire transfer to AG of \$1,873,584.45 by Listo from the "pot": "Jeci"	February 2, 1981	Rich, Green, Meltzer, AG, and International
17	wire transfer to AG of \$6,396,202.22 by Listo from the "pot": "Keiyoh Maru"	February 11, 1981	Rich, Green, Meltzer, AG, and International
18	wire transfer to AG of \$5,315,478.50 by Listo from the "pot": "White Gardenia"	March 3, 1981	Rich, Green, Meltzer, AG, and International
19	wire transfer to AG of \$9,452,307.00 by Listo from the "pot": "Jamunda" and "Norse King"	May 5, 1981	Rich, Green, Meltzer, AG, and International
20	wire transfer to Rescor of \$3,000,700.00 by Listo: "Philip of Macedon" and "Okinoshima Maru"	May 14, 1981	Rich, Green, Meltzer, AG, and International
<u>Charter False Deductions</u>			
21	wire transfer to AG of \$29,157,628.90 by International: "Luna Mar", "Devali," "World Scholar" and "Ratna Jayshree"	September 29, 1980	Rich, Green, AG and International
22	wire transfer to AG of \$1,659,472.80 by International: "Santamar"	April 7, 1981	Rich, Green, AG and International

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<u>COUNT</u>	<u>WIRE COMMUNICATION</u>	<u>APPROXIMATE DATE OF WIRE COMMUNICATION</u>	<u>DEFENDANT</u>
		<u>Arco False Deduction</u>	
23	wire transfer to Rescor of \$2,716,510.00 by International: "Wind Escort"	August 27, 1981	Rich, Green, AG and International

(Title 18, United States Code, Sections 1343 and 2.)

COUNTS TWENTY-FOUR THROUGH THIRTY-EIGHT

THE SCHEME TO DEFRAUD THE
DEPARTMENT OF ENERGY

The Grand Jury further charges:

24. Each and every allegation contained in Paragraphs 1 through 23, and all of subparts thereof, of Counts One through Twenty-three of this Indictment is realleged and incorporated by reference herein as if fully set forth.

25. From in or about January 1980, up to and including the date of the filing of this Indictment, in the Southern District of New York and elsewhere, MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL, the defendants, together with others known and unknown to the Grand Jury ("co-schemers"), unlawfully, wilfully and knowingly would and did devise and intend to devise a scheme and artifice to defraud the United States and an agency thereof, to wit, the Department of Energy, in its lawful governmental function of administering and overseeing the laws and regulations which provided for price controls and markup requirements for the sale of crude oil produced in or imported into the United States, and to obtain money and property by false and fraudulent pretenses, representations and promises.

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Methods and Means

26. It was part of the defendants' scheme and artifice to defraud the DOE that the huge profits of the defendant INTERNATIONAL held on the books of Listo and WTM were derived by the defendants through a deliberate attempt to violate and circumvent the price control and permissible average markup regulations of the DOE, through the methods and means described in Paragraphs 22 and 23, and the subparts thereof, above.

27. Among the additional methods and means employed by the defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL and their co-schemers to carry out the scheme and artifice to defraud the DOE were the following:

(a) The defendants and their co-schemers would and did cause forms ERA-69 for the defendant INTERNATIONAL to be prepared and filed with the DOE for the months September 1980 through January 1981, which forms ERA-69 falsely failed to reflect the approximately \$71 million of profits of the defendant INTERNATIONAL kept in the WTM and Listo "pots." Instead, these forms ERA-69 fraudulently stated that the defendant INTERNATIONAL was losing money on its crude oil sales for these months and that its average markup for crude oil sales was within its 20¢ per barrel permissible average markup.

(b) The defendants and their co-schemers would and did cause to be prepared and mailed to the defendant INTERNATIONAL the false and fraudulent invoices from WTM and from Listo described in Paragraphs 22(d) and 22(1) above.

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28. For the purposes of executing the scheme and artifice to defraud the DOE and attempting to do so, on or about the dates set forth below, the defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL unlawfully, wilfully and knowingly, did place and cause to be placed in a post office and authorized depository for mail matter and did cause to be delivered by mail according to the directions thereon certain mail matter to be sent and delivered by the United States Postal Service, all as more particularly set forth in Counts 24 through 38 hereinbelow:

<u>COUNT</u>	<u>MAIL COMMUNICATION</u>	<u>APPROXIMATE DATE OF MAILING</u>	<u>DEFENDANT</u>
24	ERA-69 for September 1980 Sent by Express Mail to DOE	December 1, 1980	Rich, Green, Meltzer, AG and International
25	ERA-69 for November 1980 Sent by Express Mail to DOE	January 30, 1981	Rich, Green, Meltzer, AG and International
26	ERA-69 for December 1980 Sent by Express Mail to DOE	January 27, 1981	Rich, Green, Meltzer, AG and International
27	ERA-69 for January 1981 Sent by Express Mail to DOE	March 31, 1981	Rich, Green, Meltzer, AG and International
28	Invoice No. S9-041 mailed to International by WTM for 69,000 barrels at \$2,280,450.00	October 7, 1980	Rich, Green, AG and International
29	Invoice No. S10-068 mailed to International by WTM for 83,700 barrels at \$2,787,210.00	November 6, 1980	Rich, Green, AG and International
30	Invoice No. S10-069 mailed to International by WTM for 71,300 barrels at \$2,374,290.00	November 6, 1980	Rich, Green, AG and International

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<u>COUNT</u>	<u>MAIL COMMUNICATION</u>	<u>APPROXIMATE DATE OF MAILING</u>	<u>DEFENDANT</u>
31	Invoice No. S11-051 mailed to International by WTM for 150,000 barrels at \$4,995,000.00	December 4, 1980	Rich, Green, AG and International
32	Invoice No. 0989 mailed to International by Listo for 313,629 barrels at \$9,879,313.50: "Sinclair Texas"	January 7, 1981	Rich, Green, Meltzer, AG and International
33	Invoice No. 1126 mailed to International by Listo for 261,486.49 barrels at \$10,036,575.96: "Sinclair Texas"	January 21, 1981	Rich, Green, Meltzer, AG and International
34	Invoice No. 1138 mailed to International by Listo for 405,544.61 barrels at \$15,714,853.64: "Prudhoe Bay"	January 26, 1981	Rich, Green, Meltzer, AG and International
35	Invoice No. 1139 mailed to International by Listo for 458,532 barrels at \$15,360,822.00: "Overseas New York"	January 26, 1981	Rich, Green, Meltzer, AG and International
36	Invoice No. 1140 mailed to International by Listo for 53,844.39 barrels at \$2,086,470.11: "Sinclair Texas"	January 26, 1981	Rich, Green, Meltzer, AG and International
37	Invoice No. 1271 mailed to International by Listo for 292,809 barrels at \$10,043,348.70: "Arco Heritage"	February 24, 1981	Rich, Green, Meltzer, AG and International
38	Invoice No. 1267 mailed to International by Listo for 332,390.25 barrels at \$11,068,595.33: "Arco Heritage"	February 24, 1981	Rich, Green, Meltzer, AG and International

(Title 18, United States Code, Sections 1341 and 2.)

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COUNT THIRTY-NINE

RACKETEERING

The Grand Jury further charges:

29. Each and every allegation contained in Paragraphs 1 through 28, and all subparts thereof, of Counts One through Thirty-eight of this Indictment is realleged and incorporated by reference and the subparts thereof as if fully set forth.

30. From on and about January 1, 1980, up to and including the date of filing of this Indictment, in the Southern District of New York and elsewhere, MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL, the defendants, being individuals and entities employed by and associated with an enterprise, as defined in 18 U.S.C. § 1961(4), engaged in and the activities of which affect interstate and foreign commerce, to wit, AG and its wholly-owned subsidiaries, the defendant INTERNATIONAL, Rescor and Highams, together with others known and unknown to the Grand Jury ("co-racketeers"), unlawfully, wilfully and knowingly, did conduct and participate, directly and indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity, as defined in 18 U.S.C. § 1961(5), consisting of the acts of racketeering including wire fraud, indictable under Title 18, United States Code, Section 1343, as set forth in Paragraphs 1 through 23 and all subparts thereof, of Counts One through Twenty-three of this

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Indictment, and mail fraud, indictable under Title 18, United States Code, Section 1341, as set forth in Paragraphs 24 through 28 of Counts Twenty-four through Thirty-eight, all in violation of Title 18, United States Code, Section 1962(c).

31. The defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG, INTERNATIONAL together with their co-racketeers conducted the enterprise through a pattern of racketeering activity wherein the defendants and others concealed in excess of \$100 million in taxable income of the defendant INTERNATIONAL by diverting it, through a series of sham transactions, offshore to the defendant AG. Most of this \$100 million in taxable income was illegally generated through the defendants' violations of federal energy laws and regulations. The enterprise has been used by the defendants to enable the defendant INTERNATIONAL to evade in excess of \$48 million in United States taxes for the 1980 and 1981 tax years.

The Pattern of Racketeering

32. It was a part of the pattern of racketeering activity that from on or about January 1, 1980, up to and including the date of the filing of this Indictment, MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG, and INTERNATIONAL, the defendants, together and with their co-racketeers, unlawfully, wilfully and knowingly, would and did devise and intend to devise schemes and artifices to defraud the United States, and agencies thereof, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, to wit:

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(i) the Internal Revenue Service ("IRS") in its lawful governmental function of administering and overseeing the collection of taxes in the United States; and

(ii) the Department of Energy ("DOE") in its lawful governmental function of administering and overseeing the laws and regulations which provided for price controls and limited markups on the sale of crude oil produced in or imported into the United States.

33. It was part of the pattern of racketeering activity that MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL, the defendants, together and with their co-racketeers, unlawfully, wilfully, and knowingly:

(i) in executing the scheme to defraud the Internal Revenue Service, and attempting to do so, would and did commit the 24 acts of racketeering set forth below, and also set forth in detail in Paragraphs 1 through 23 of Counts One through Twenty-three; and

(ii) in executing the scheme to defraud the Department of Energy, and attempting to do so, would and did commit the 15 acts of racketeering set forth below, and also set forth in detail in Paragraphs 24 through 28 of Counts Twenty-four through Thirty-eight .

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I. THE SCHEME TO DEFRAUD THE IRS

<u>RACKETEERING ACT</u>	<u>APPROXIMATE DATE</u>	<u>VIOLATION</u>	<u>DEFENDANTS</u>
		<u>WIM "Pot"</u>	
(1) wire transfer to AG of \$12,507,818.40 (including \$1,786,831.00 from the "pot") by WIM: "Arctic Star"	October 21, 1980	18 USC §§ 1343 and 2	Rich, Green, AG and International
(2) wire transfer to AG of \$4,050,000.00 by WIM from the "pot": "Norse King"	October 23, 1980	18 USC §§ 1343 and 2	Rich, Green, AG and International
(3) wire transfer to AG of \$5,384,217.00 by WIM from the "pot": "Olympic Bond"	January 5, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
(4) wire transfer to AG of \$5,000,000.00 by WIM from the "pot": "Nia Rocco Piaggio" and "Okinoshima Maru"	January 30, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
(5) wire transfer to AG of \$1,199,974.00 by WIM from the "pot": "Okinoshima Maru"	February 9, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
(6) wire transfer to AG of \$5,141,709.00 by WIM from the "pot": "Ramo Maersk"	February 23, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
(7) wire transfer to Highams of \$1,215,000.00 by WIM from the "pot": "Philip of Macedon"	May 4, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
(8) telefaxes of handwritten notes re WIM pot from International to WIM	February 1, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
(9) telefax of typewritten summary re WIM pot from WIM to International	February 9, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International

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<u>RACKETEERING ACT</u>	<u>APPROXIMATE DATE</u>	<u>VIOLATION</u>	<u>DEFENDANTS</u>
(10) telefax of typewritten summary re WIM pot from International to WIM	February 10, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
<u>Listo "Pot"</u>			
(11) wire transfer to AG of \$32,950,790.78 (including \$4,131,620.24 from the "pot") by Listo: "Montessa"	December 5, 1980	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(12) wire transfer to AG of \$4,259,844.00 by Listo from the "pot": "Universe Explorer"	December 15, 1980	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(13) wire transfer to AG of \$18,605,470.63 (including \$2,241,743.45 from the "pot") by Listo: "Alnair II"	December 23, 1980	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(14) wire transfer to AG of \$19,946,909.84 (including \$2,266,694.30 from the "pot") by Listo: "Lamyra"	December 31, 1980	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(15) wire transfer to AG of \$5,291,409.82 by Listo from the "pot": "Arctic Star"	January 27, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(16) wire transfer to AG of \$3,349,660.34 by Listo from the "pot": "Ionian Commander"	January 30, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(17) wire transfer to AG of \$1,873,584.45 by Listo from the "pot": "Jeci"	February 2, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(18) wire transfer to AG of \$6,396,201.22 by Listo from the "pot": "Keiyoh Maru"	February 11, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International

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<u>RAKETEERING ACT</u>	<u>APPROXIMATE DATE</u>	<u>VIOLATION</u>	<u>DEFENDANTS</u>
(19) wire transfer to AG of \$5,315,478.50 by Listo from the "pot": "White Gardenia"	March 3, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(20) wire transfer to AG of \$9,452,307.00 by Listo from the "pot": "Jamunda" and "Norse King"	May 5, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International
(21) wire transfer to Rescor of \$3,000,000.00 by Listo from the "pot": "Philip of Macedon" and "Okinoshima Maru"	May 14, 1981	18 USC §§ 1343 and 2	Rich, Green, Meltzer, AG and International

Charter False Deductions

(22) wire transfer to AG of \$29,157,628.90 by International: "Luna Mar", "Devali," "World Scholar" and "Ratna Jayshree"	September 29, 1980	18 USC §§ 1343 and 2	Rich, Green, AG and International
(23) wire transfer to AG of \$1,659,472.80 by International: "Santarar"	April 7, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International

Arco False Deduction

(24) wire transfer to Rescor of \$2,716,510.00 by International: "Wind Escort"	August 27, 1981	18 USC §§ 1343 and 2	Rich, Green, AG and International
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II. THE SCHEME TO DEFRAUD THE DOE

(25) ERA-69 for September 1980 Sent by Express Mail to DOE	December 1, 1980	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(26) ERA-69 for November 1980 Sent by Express Mail to DOE	January 30, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(27) ERA-69 for December 1980 Sent by Express Mail to DOE	January 27, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International

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<u>RACKETEERING ACT</u>	<u>APPROXIMATE DATE</u>	<u>VIOLATION</u>	<u>DEFENDANTS</u>
(28) ERA-69 for January 1981 Sent by Express Mail to DOE	March 31, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(29) Invoice No. S9-041 mailed to International by WIM for 69,000 barrels at \$2,280,450.00	October 7, 1980	18 USC §§ 1341 and 2	Rich, Green, AG and International
(30) Invoice No. S10-068 mailed to International by WIM for 83,700 barrels at \$2,787,210.00	November 6, 1980	18 USC §§ 1341 and 2	Rich, Green, AG and International
(31) Invoice No. S10-069 mailed to International by WIM for 71,300 barrels at \$2,374,290.00	November 6, 1980	18 USC §§ 1341 and 2	Rich, Green, AG and International
(32) Invoice No. S11-051 mailed to International by WIM for 150,000 barrels at \$4,995,000.00	December 4, 1980	18 USC §§ 1341 and 2	Rich, Green, AG and International
(33) Invoice No. 0989 mailed to International by Listo for 313,629 barrels at \$9,879,313.50: "Sinclair Texas"	January 7, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(34) Invoice No. 1126 mailed to International by Listo for 261,486.49 barrels at \$10,036,575.96: "Sinclair Texas"	January 21, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(35) Invoice No. 1138 mailed to International by Listo for 405,544.61 barrels at \$15,714,853.64: "Prudhoe Bay"	January 26, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(36) Invoice No. 1139 mailed to International by Listo for 458,532 barrels at \$15,360,822.00: "Overseas New York"	January 26, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International

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<u>RACKETEERING ACT</u>	<u>APPROXIMATE DATE</u>	<u>VIOLATION</u>	<u>DEFENDANTS</u>
(37) Invoice No. 1140 mailed to International by Listo for 53,844.39 barrels at \$2,086,470.11: "Sinclair Texas"	January 26, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(38) Invoice No. 1271 mailed to International by Listo for 292,809 barrels at \$10,043,348.70: "Arco Heritage"	February 24, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International
(39) Invoice No. 1267 mailed to International by Listo for 332,390.25 barrels at \$11,068,595.33: "Arco Heritage"	February 24, 1981	18 USC §§ 1341 and 2	Rich, Green, Meltzer, AG and International

(Title 18, United States Code, Sections 1962(c) and 2.)

COUNT FORTY

THE RACKETEERING CONSPIRACY

The Grand Jury further charges:

34. Each and every allegation contained in Paragraphs 1 through 33, and all subparts thereof, of Counts One through Thirty-nine of this Indictment is realleged and incorporated by reference herein as if fully set forth.

35. From on or about January 1, 1980, up to and including the date of the filing of this Indictment, in the Southern District of New York and elsewhere, MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG, and INTERNATIONAL, the defendants, being individuals and entities employed by and associated with an enterprise engaged in, and the activities of which affect, interstate and foreign commerce, to wit, AG and its wholly-owned subsidiaries, the defendant INTERNATIONAL, Rescor and Highams,

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together with their co-racketeers, unlawfully, wilfully and knowingly, did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, to wit, a violation of Title 18, United States Code, Section 1962, that is, to conduct and participate, directly and indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity as defined in Title 18, United States Code, Section 1961(5).

36. The objects of the racketeering conspiracy were that the defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG and INTERNATIONAL, together and with their co-racketeers, would and did commit and agree to commit the acts of racketeering, including wire fraud, indictable under Title 18, United States Code, Section 1343, as charged in Paragraphs 1 and 23 of Counts One through Twenty-three, and in Count Thirty-nine, and mail fraud, indictable under Title 18, United States Code, Section 1341, as charged in Paragraphs 24 through 28 of Counts Twenty-four through Thirty-eight, and in Count Thirty-nine, all in violation of Title 18, United States Code, Section 1962(c).

(Title 18, United States Code, Section 1962(d).)

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FORFEITURES

37. Each and every allegation contained in Paragraphs 1 through 36 of Counts One through Forty of this Indictment is hereby realleged and incorporated by reference herein as if fully set forth for the purpose of alleging forfeitures pursuant to the provisions of Title 18, United States Code, Sections 1963(a)(1) and 1963(a)(2).

38. The defendants MARC RICH, PINCUS GREEN, CLYDE MELTZER, AG, and INTERNATIONAL, now known as "Clarendon Ltd.", have acquired and maintained interests from violations of Title 18, United States Code, Section 1962, and have interests in, securities of, claims against and property and contractual rights affording each defendant a source of influence over the enterprise, which enterprise each defendant established, operated, controlled, conducted and participated, directly and indirectly, in the conduct of through a pattern of racketeering, and conspired to do so, in violation of Title 18, United States Code, Section 1962(c) and (d), thereby making all such interests, securities of, claims against, property and contractual rights, wherever located, in whatever names held, subject to forfeiture to the United States as of the date they were acquired, maintained and utilized.

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39. The interests of the defendants MARC RICH, PINCUS GREEN and CLYDE MELTZER, subject to forfeiture to the United States, include any interests and proceeds therefrom each defendant has acquired and maintained from violations of Title 18, United States Code, Section 1962, including but not limited to:

- (a) dividends, salaries, bonuses, and pension benefits paid by any of the corporate entities comprising or associated with the enterprise; and
- (b) any interests purchased or obtained with the monies set forth in subparagraph (a) above including, but not limited to personalty, real estate, and investments, wherever located and in whatever names;

and any interests in, securities of, claims against, property, contractual rights and rights of any kind affording a source of influence over the enterprise, including but not limited to all stock, securities, notes, rights, warrants, and options, wherever located and in whatever names, and all offices and titles, in any of the corporate entities comprising or associated with the enterprise.

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40. The interests of the defendant AG subject to forfeiture to the United States include any interests and proceeds therefrom that the defendant AG has acquired and maintained from violations of Title 18, United States Code, Section 1962, including but not limited to:

(a) all monies received and specified in this Indictment, including monies paid to Rescor, Inc. and Highams Consultants, AG's wholly-owned subsidiaries, and

(b) all assets, interests and investments, including loans and receivables, wherever located and in whatever names, purchased or obtained with the monies set forth in subparagraph (a) above and profits derived therefrom, including in excess of \$37 million owed to the defendant AG by Guam Oil and Refining Company and the interests of Richco Holdings, B.V. in TCF Holdings, Inc.;

and any interests in, securities of, claims against, property, contractual rights and rights of any kind affording a source of influence over the enterprise, including but not limited to:

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(a) all stock, securities, notes, rights, warrants and options, wherever located and in whatever names, in the defendant INTERNATIONAL, Rescor, Inc. and Highams Consultants and any and all of their subsidiaries, including but not limited to Century Chartering Co., Inc.;

(b) all assets, wherever located and in whatever name, of the entities set forth in subparagraph (a) above, including but not limited to:

1. bank accounts
2. accounts receivables
3. securities, stock, notes, rights, warrants and options
4. contracts
5. leaseholds, including the leasehold at 650 Fifth Avenue, New York, New York
6. inventory
7. office equipment, furnishings and fixtures

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8. interests in realty and minerals, including oil and gas properties described in a Mortgage, Security Agreement, Financing Statement and Assignment dated August 4, 1983, by Clarendon Ltd. and Century Chartering Co., Inc. to and in favor of the United States of America.
9. Proceeds of any purported sale of any interest in the defendant INTERNATIONAL, including proceeds of a purported sale of the defendant INTERNATIONAL to Alexander Hackel and others on June 30, 1983.

41. The interests of the defendant INTERNATIONAL subject to forfeiture to the United States include any interests and proceeds therefrom that the defendant INTERNATIONAL has acquired and maintained from violations of Title 18, United States Code, Section 1962, including but not limited to

- (a) all monies received and specified in this Indictment; and

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(b) all assets, interests and investments, including loans and receivables, wherever located and in whatever names, purchased or obtained with the monies set forth in subparagraph (a) above and profits derived therefrom or purchased or obtained with monies that were due and owing to the United States of America as a consequence of the violations of law set forth in this Indictment;

and any interests in, securities of, claims against, property, contractual rights and rights of any kind affording a source of influence over the enterprise, including but not limited to, all stock, securities, notes, rights, warrants and options, wherever located, in whatever names, in all subsidiaries, including but not limited to Century Chartering Co., Inc.

(Title 18, United States Code, Section 1963.)

THE INCOME TAX EVASION COUNTS

COUNT FORTY-ONE

Tax Evasion for 1980

The Grand Jury further charges:

42. Each and every allegation contained in Paragraphs 1 through 41, and all subparts thereof, of Counts One through

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Forty of this Indictment is realleged and incorporated by reference herein as if fully set forth.

43. On or about September 17, 1981, in the Southern District of New York, MARC RICH, PINCUS GREEN, CLYDE MELTZER, and INTERNATIONAL, the defendants, together with AG, not named as a defendant in this count, unlawfully, wilfully and knowingly did attempt to evade and defeat a large part of the income tax due and owing by the defendant INTERNATIONAL to the United States of America for the calendar year 1980, by preparing and causing to be prepared and by filing and causing to be filed a false and fraudulent income tax return for the defendant INTERNATIONAL, which return stated that the taxable income for said calendar year was \$1,091,431.00 and that the amount of income tax due and owing thereon was \$413,374.00, whereas, as the defendants then and there well knew, the true taxable income of, and the true income tax due and owing by the defendant INTERNATIONAL to the United States for said calendar year were substantially in excess of the amounts reported on said return, to wit, the defendant INTERNATIONAL's true taxable income for said calendar year was at least \$53,650,947.07, upon which there was due and owing to the United States an income tax of approximately \$24,590,751.65.
(Title 26, United States Code, Sections 7201 and 2.)

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COUNT FORTY-TWO

Tax Evasion for 1981

The Grand Jury further charges:

44. Each and every allegation contained in Paragraphs 1 through 43, and all subparts thereof, of Counts One through Forty-one of this Indictment is realleged and incorporated by reference herein as if fully set forth.

45. On or about September 22, 1982, in the Southern District of New York, MARC RICH, PINCUS GREEN, CLYDE MELTZER, and INTERNATIONAL, the defendants, together with AG, not named as a defendant in this count, unlawfully, wilfully and knowingly did attempt to evade and defeat a large part of the income tax due and owing by the defendant INTERNATIONAL to the United States of America for the calendar year 1981, by preparing and causing to be prepared and by filing and causing to be filed a false and fraudulent income tax return for the defendant INTERNATIONAL, which return stated that the taxable income for said calendar year was \$2,424,172.00 and that the amount of income tax due and owing thereon was \$235,525.00, whereas, as the defendants then and there well knew, the true taxable income, and the true income tax due and owing, by the defendant INTERNATIONAL to the United States for said calendar year were substantially in excess of the amounts reported on said return, to wit, the defendant INTERNATIONAL's true taxable income for said calendar year was at least \$55,043,714.33, upon which there was due and owing to the United States an income tax of approximately \$24,440,514.59.

(Title 26, United States Code, Section 7201 and 2.)

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COUNTS FORTY-THREE THROUGH FIFTY-SEVEN

THE SCHEME TO DEFRAUD THE DEPARTMENT
OF TREASURY RE: IRANIAN DEALS

The Grand Jury further charges:

46. Each and every allegation contained in Paragraphs 1 through 45, and all subparts thereof, of Counts One through Forty-two of this Indictment is realleged and incorporated by reference herein as if fully set forth.

47. From in or about January 1980, up to and including the date of the filing of this Indictment, in the Southern District of New York and elsewhere, MARC RICH and PINCUS GREEN, the defendants, unlawfully, wilfully and knowingly would and did devise and intend to devise a scheme and artifice to defraud the United States and agencies thereof, to wit, the Department of Treasury and its Office of Foreign Assets Control, in their lawful governmental function of administering and overseeing the laws and regulations which prohibited commercial transactions and credit transactions involving Iran during the American hostage crisis, and to obtain money and property by false and fraudulent pretenses, representations and promises.

Statutory Background

48. On November 4, 1979, Iranian nationals invaded the U.S. Embassy in Teheran, Iran. Thereafter, 53 American citizens were held hostage for over 14 months until their release on January 19, 1981.

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49. In response to the seizure of American hostages:

(a) On November 14, 1979, President Carter, under the International Economic Emergency Powers Act of 1977, issued Executive Order # 12170 to block and freeze all property and interests in property of the Government of Iran and any of its instrumentalities and controlled entities, including the National Iranian Oil Company ("NIOC"), which were or became subject to the jurisdiction of the United States or which were or came within the possession or control of persons subject to the United States.

(b) On November 15, 1979, the Department of Treasury through its Office of Foreign Assets Control issued regulations to implement President Carter's Executive Order # 12170. The effect of the regulations was that various transactions with Iran and its controlled entities were prohibited in the absence of a license from the Department of Treasury.

(c) On April 7, 1980, President Carter issued Executive Order # 12205 under the International Emergency Economic Powers Act which imposed a trade embargo on Iran. On April 9, 1980, the Department of Treasury through its Office of Foreign Assets Control issued regulations to implement President Carter's Executive Order # 12205.

(d) On April 17, 1980, President Carter issued Executive Order # 12211 to expand the provisions of Executive

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Orders # 12170 and # 12205 by prohibiting the payment or transfer of any funds from the United States to any Iranian person as well as the Government of Iran or any of its controlled entities, such as NIOC, as had been previously prohibited without license by Executive Order # 12170. On April 21, 1980, the Department of Treasury through its Office of Foreign Assets Control issued regulations which implemented President Carter's Executive Order # 12211.

(e) The various regulations required every individual and entity engaging in any transaction subject to the prohibitions to keep records to be available for examination by the Office of Foreign Assets Control.

50. During the hostage crisis and while the foregoing regulations were in effect:

(a) - AG entered into contracts with the National Iranian Oil Company ("NIOC") to purchase Iranian crude and fuel oil, including contract # 244 on April 30, 1980, for the purchase of crude and fuel oil from May 1, 1980, through September 30, 1980. The terms of the contracts gave AG sixty days after the date of delivery to make payment to NIOC in American dollars through letters of credit posted by AG in favor of NIOC.

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(b) Beginning on or about May 1, 1980, prior to the delivery of this Iranian crude oil and fuel oil under the contracts AG had with NIOC, the defendants MARC RICH and PINCUS GREEN -- both United States citizens -- negotiated from the offices of International in New York, New York, with the principal of Transworld Oil, Bermuda, the sale of approximately 6,250,000 barrels of Iranian crude oil and fuel oil for approximately \$202,806,291.00. The defendants MARC RICH and PINCUS GREEN would and did cause payment to be ultimately effected to NIOC with American dollars by using commercial credit arrangements involving United States banks and United States branch offices of foreign banks located in New York, New York, all in violation of the various Executive Orders of President Carter and the underlying regulations. These payment arrangements for the Iranian oil, which were effected through banks located in New York, New York, were consummated by "back to back" letters of credit wherein Transworld Oil would make payment to AG in United States dollars, normally within thirty days of delivery, and AG would then in turn make payment to NIOC in United States dollars within sixty days of delivery.

(c) To further the scheme, the defendants MARC RICH and PINCUS GREEN did not disclose to these banks in the United States -- which were also prohibited from knowingly transferring any funds to Iran -- that the ultimate beneficiary of the United States dollars was NIOC.

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(d) To further the scheme, in or about July 1980, the defendants MARC RICH and PINCUS GREEN devised a secret code for interoffice cable communications when referring to the illegal Iranian transactions, in order to disguise the participation of NIOC. Telexes containing this secret code were maintained in the New York records of International which, pursuant to the regulations, were subject to examination by the Department of Treasury's Office of Foreign Assets Control.

51. For the purpose of executing the scheme and artifice to defraud and attempting to do so, the defendants MARC RICH and PINCUS GREEN unlawfully, wilfully and knowingly, did transmit and cause to be transmitted by means of wire, radio and television communication, in interstate and foreign commerce, certain telexes and wire and cable transfers of monies, all as more particularly as set forth in Counts 43 through 57 herein below:

<u>COUNT</u>	<u>WIRE COMMUNICATION</u>	<u>APPROXIMATE DATE OF WIRE COMMUNICATION</u>	<u>DEFENDANT</u>
43	wire transfer of \$8,239,385.90 from New York to Zurich, Switzerland	July 7, 1980	Rich and Green
44	wire transfer of \$56,187,197.00 from New York to Zurich, Switzerland	July 7, 1980	Rich and Green
45	wire transfer of \$56,356,234.00 from New York to Paris, France	July 14, 1980	Rich and Green
46	wire transfer of \$8,408,685.00 from New York to Paris, France	July 17, 1980	Rich and Green
47	wire transfer of \$7,745,130.00 from New York to Paris, France	July 31, 1980	Rich and Green
48	wire transfer of \$4,671,022.50 from New York to Paris, France	September 2, 1980	Rich and Green

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<u>COUNT</u>	<u>WIRE COMMUNICATION</u>	<u>APPROXIMATE DATE OF WIRE COMMUNICATION</u>	<u>DEFENDANT</u>
49	wire transfer of \$4,844,487.50 from New York to Paris, France	September 11, 1980	Rich and Green
50	wire transfer of \$56,463,649.00 from New York to Paris, France	September 30, 1980	Rich and Green
51	Telex #NYC 143 from Pincus Green in New York to AG (London) and AG (Zug)	May 1, 1980	Rich and Green
52	Telex #NYC 171 from Marc Rich in New York to AG (London) and AG (Zug)	May 7, 1980	Rich and Green
53	Telex #NYC 138 from Pincus Green in New York to AG (London)	May 7, 1980	Rich and Green
54	Telex # NYC 139 from Pincus Green in New York to AG (London) and AG (Zug)	May 7, 1980	Rich and Green
55	Telex #NYC 174 from Marc Rich in New York to AG (London)	May 8, 1980	Rich and Green
56	Telex #NYC 042 from Marc Rich in New York to AG (London) and AG (Zug)	May 12, 1980	Rich and Green
57	Telex #NYC 146 from Pincus Green in New York to AG (London)	August 14, 1980	Rich and Green

(Title 18, United States Code, Sections 1343 and 2.)

TRADING WITH IRAN COUNTS

COUNTS FIFTY-EIGHT THROUGH SIXTY-FIVE

52. Each and every allegation contained in Paragraphs 1 through 51, and all subparts thereof, of Counts One through Fifty-seven of this Indictment is realleged and incorporated by reference as if fully set forth herein.

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53. During a period from in or about April 1980, up to and including January 19, 1981, in the Southern District of New York and elsewhere, at the time when United States citizens were being held hostage in Iran, MARC RICH and PINCUS GREEN, the defendants, who were United States citizens subject to the jurisdiction of the United States, unlawfully, wilfully and knowingly, in transactions involving Iran, an Iranian governmental entity, and an enterprise controlled by Iran and an Iranian governmental entity, did make and cause to be made payments, transfers of credit, and other transfers of funds and other property and interests to persons in Iran, to wit, the defendants MARC RICH and PINCUS GREEN caused United States dollars from banks located in the United States to be transferred to the National Iranian Oil Company ("NIOC") to pay for crude oil and fuel oil which AG had purchased directly from NIOC and which the defendants MARC RICH and PINCUS GREEN had pre-sold from the offices of International in the United States to third-party companies as more specifically set forth below:

<u>Count</u>	<u>Quantity of Iranian Crude Oil or Fuel Oil Purchased and Sold</u>	<u>Third Party Purchaser</u>	<u>Description of Payment to NIOC</u>	<u>Date of Payment to NIOC</u>
58	53,129 metric tons of fuel oil	TransWorld Oil	US \$8,233,544.40 by Letter of Credit issued in favor of NIOC by Union Bank of Switzerland (UBS), Switzerland, covered through a bank in New York, New York to Bank Markazi, Iran acct. at UBS, Switzerland	July 7, 1980

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<u>Count</u>	<u>Quantity of Iranian Crude Oil or Fuel Oil Purchased and Sold</u>	<u>Third Party Purchaser</u>	<u>Description of Payment to NIOC</u>	<u>Date of Payment to NIOC</u>
59	1,531,658 barrels of crude oil and 5990 metric tons of fuel oil	TransWorld Oil	US \$56,186,536.00 by Letter of Credit issued in favor of NIOC by UBS, Switzerland, covered through a bank in New York, New York to Zurich, Switzerland to Bank Markazi, Iran Acct. at Midland Bank, London, England	July 7, 1980
60	1,568,430 barrels of crude oil and 3158 metric tons of fuel oil	TransWorld Oil	U.S. \$56,356,234.00 by Letter of Credit issued by Banque de Paris et des Pays-Bas, Paris, covered through a bank in New York, New York to Banque de Paris et des Pays-Bas, Paris, France to Bank Markazi, Iran account at Midland Bank, London, England	July 14, 1980
61	370,418 barrels of fuel oil	TransWorld Oil	US \$8,334.40500 by Letter of Credit issued in favor of NIOC by UBS, Switzerland, covered through a bank in New York, New York, to Societe Generale, Paris, France, to UBS, Zug, Switzerland to Bank Markazi, Iran account at Midland Bank, London, England	July 17, 1980

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<u>Count</u>	<u>Quantity of Iranian Crude Oil or Fuel Oil Purchased and Sold</u>	<u>Third Party Purchaser</u>	<u>Description of Payment to NIOC</u>	<u>Date of Payment to NIOC</u>
65	1,607,887 barrels of crude oil	TransWorld Oil	US \$56,463,649.20 by Letter of Credit issued in favor of NIOC by Societe General, France, covered through a bank in New York, New York, to Bank Markazi, Iran Acct. at Banque Nationale de Paris, Paris, France	September 30, 1980

(31 CFR §§ 535.206(a)(4), 535.208, 535.701; Title 50,
United States Code, Section 1705; and Title 18, United
States Code, Section 2.)

GRAND JURY FOREPERSON

Rudolph W. Giuliani
RUDOLPH W. GIULIANI
United States Attorney